

In re Patent Application of:
JOHN A. MCMORRIS, III ET AL.
Serial No. 10/720,777
Filing Date: 11/24/2003

Remarks

Applicant and the undersigned would like to thank the Examiner for her efforts in the examination of this application. Claims 1-67 remain in the case.

I. Submitted Drawings Meet 37 CFR 1.121(d)

The Examiner requested corrected drawings in Par 2 of the Office Action. Formal drawings in compliance with 37 CFR 1.121(d) were transmitted on September 24, 2004 and received by the Office on September 27, 2004 as indicated in the attached Post Card Receipt (**Attachment 1**). Yet further, the application publication US 2005/0021495 A1 was published on January 27, 2006 including the formal accepted drawings.

II. Specification Disclosure is Complete

The Examiner indicated the letter "e" was missing in headings on Pages 1, 11 and 12 of the specification as originally filed. Copies of these pages are attached as **Attachment 2** and illustrate complete headings were originally filled. Yet further, the application publication US 2005/0021495 A1 was published on January 27, 2006 including proper headings.

III. Claims Properly Meet Requirements of 35 USC §112, 1st Paragraph

Claim 1, 6-12, 14, 15, 17-19, 21, 22, 24-26, 27, 28, 31-35, 40-42, 44, 46, 50-55, 57-61, 63, 64, 66-67 were rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the enablement requirement.

On Page 3, Par 5 of the Office Action, the Examiner comments the claims contain subject matter which was not described in the specification in such a way as to enable one skilled in the art to which it pertains to make or use the invention.

As presented and referenced in the Declaration of John A. McMorris, III as **Exhibit C**, support for each of the claims is presented in table form including the location where support may be found in Applicants' priority documents. Further, as supported by the Mc Morris (see Paragraph 13), it is clear the claims meet the requirements of 35 U.S.C. 112, first paragraph.

In summary, McMorris states the specification delineates terms and phrases that have meaning to one familiar with pollution emissions and emission reductions, especially greenhouse gas emission reductions. Each step within each claim has a well understood context and meaning to one learned in the art. The overall subject of emission reductions, units of emissions reduction, notional approaches for quantifying them and/or making them equivalent to each other (as a precursor to establishing uniform exchange standards) were subjects being considered in the industry, and include complex problems that had not been solved prior to Applicants' invention. A solution to a known problem in the art is met by the claimed invention in response to the industry seeking ways to identify, qualify, quantify, validate and verify units that are/were real and verifiable; and also needed means to individually "identify" such units for specific use (or tracking or registration) thereafter. The end-to-end process for identifying, qualifying, validating and verifying such units with the process for individually identifying such units, once created, being the subject of the present application. The specification develops a number of parameters or performance attributes around which a unique identifier can be developed, also suggesting several schema for deriving characterizing portions of the identifier. For one familiar with the art, several logical identifiers suggest themselves. For instance, such identifiers can include (or be comprised of) fields that connote the production practice.

IV. Claims Properly Meet Requirements of 35 USC §112, 2nd Paragraph

Claims 1, 6, 11-12, 14-15, 17-19, 21, 22, 24-26, 28, 31, 32, 34, 40-42, 44, 46, 50, 51, 57-61, 63, 64, 67 were rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. In particular, the Examiner felt the Applicants failed to describe the term "unit" with adequate detail.

As supported by the Declaration of John A. McMorris, III (see Paragraph 14), it is clear one of skill in the art would not be confused by the use of the term "unit" as presented in the claim context and as supported by the specification. By way of summary, McMorris states with regard to units, an Emission Reduction Unit is considered a term of art and may be viewed as being analogous to a "unit of currency," by way of example. There are a wide range of such 'units' – much as there are different forms of essentially equivalent currency – such as Verified Emission Reduction units (VER), Certified Emission Reduction units (CER), Emission Reduction Units (ERUs), etc; all of which are in common use in the industry. As the claims and the specification clearly disclose and claim a complete process for identifying, qualifying, quantifying and validating such units, to narrowly construe terms in contrast to that which is disclosed and established in the specification is not permissible.

Claims 7, 9, 10, 13, 20, 30, 32, 34, 39, 43, 51, 54, 56 are also rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The Examiner felt that Applicants failed to adequately point out and describe what production practice or production practice data are referred to in the claims, stating there are many types of productions and production practices as well as data related to and obtained from production.

As supported by the Declaration of John A. McMorris, III (see Paragraph 15), it is clear to one of skill in the art that just as an emission reduction unit is a term of art to describe emission reductions, production practice is a term used to describe any of the various practices which produce emissions and can be changed or modified to produce emission reductions units through the application of the invention. Production practices cover all protocols and methodologies used to capture production practice data for any method used for the creation of ERUs.

With regard to dependent Claims 9 and 10, each depends separately from Claim 1. Claim 9 addresses transmitting and receiving the production practice data described in Claim 1 at a data center. Separately, Claim 10 addresses the matter of storing both the identifier and the production data in a database. The database may or may not be at a data center.

V. Claims 1-67 Meet The Requirements of 35 USC §101

Claims 1-67 were are rejected under 35 U.S.C. 101 based on the opinion of the Examiner the claimed invention is directed to non-statutory subject matter, stating the claimed invention must produce a useful, concrete, and tangible result. As guided by the Examiner, "Usefulness" may be evidenced by, but not limited to, a specific utility of the claimed invention; "Concreteness" may be evidenced by, but not limited to, repeatability and/or implementation without undue experimentation; and "Tangibility" may be evidenced by, but not limited to, a real or actual effect.

The Examiner felt the independent claims do not provide specific results that are repeatable and predictable, and that there will be a different result every time the invention is practiced. The Examiner stated the invention is not capable of providing concrete results as required by 35 U.S.C. 101 since it would be difficult for a person to

repeat the analysis and obtain the same results based on the lack of concreteness.

35 U.S.C. § 101 provides: Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefore, subject to the conditions and requirements of this title.

It is understood subject matter which courts have found to be outside of, or exceptions to, the four statutory categories of invention is limited to abstract ideas, laws of nature and natural phenomena. Further, it is understood that the question of whether a claim encompasses statutory subject matter should not focus on which of the four categories of subject matter a claim is directed to (process, machine, manufacture, or composition of matter) but rather on the essential characteristics of the subject matter, in particular, its practical utility.

As presented by the Examiner, in determining whether a claim provides a practical application that produces a useful, tangible, and concrete result, the examiner should consider and weigh "Usefulness, Concreteness, and Tangibility. It is Applicants' understanding, with regard to an interpretation of the utility requirement, the utility of an invention has to be specific, substantial and credible. The tangible requirement requires the claim must set forth a practical application to produce a real-world result. However, the tangible requirement does not necessarily mean a claim must either be tied to a particular machine or apparatus or must operate to change articles or materials to a different state or thing. With regard to concreteness, it is understood the claimed process must have a result that can be substantially repeatable or the process must substantially produce the same result again.

As supported by the McMorris Declaration (see Paragraphs 5 and 16), the claimed invention clearly meets all three tests cited by the Examiner. As described, Applicants have developed a system and method for *identifying and tracking* individual

emission reductions which can be created by different projects, protocols, and the like, and can then be used with either of the aforementioned inventions when the ERUs are banked, traded or sold, or alternatively can be used in conjunction with any bank or registry. The claimed invention provides a method to derive, assign and associate unique identifiers to emission reduction units (ensuring individual emission reductions can be uniquely identified), something that cannot be done by registries which use the common practice including a simple sequenced serial number. The Applicants' claimed invention includes a unique identifier that explicitly and implicitly conveys desirable information about the emission reduction, enabling a user or prospective purchaser to discern information about the emission reduction and thus to immediately discern suitability or desirability of the appropriate kind of emission reduction. Such provides a "useful" method others have failed to provide or suggest. By way of utility, had the EU been using the claimed invention, each and every emission reduction unit would have been unique (for instance, even if multiple countries had used the same numbering schema to assign serial numbers, a country or location designator would have differentiated blocks of serial numbers from each other), avoiding the apparent 'double counting' problem cited in the attached article. (see Exhibit A)

The invention satisfies this requirement for a given set of characterizing portions or parameters. By way of example, reference is made to FIG. 4 of the specification depicting the following set of parameters in the characterizing portion: Protocol number (example given: methane avoidance, hogs version 1), vintage, encrypted coordinates, and a unique sequence number appurtenant to this production practice & location (while using this protocol). Using this schema, and for the number of character spaces shown, unique identifiers may be identified for a given location/vintage using the example shown.

The fact identifiers are well accepted and are being used in the "real" world, and

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in association with emission reduction units, demonstrates the claimed invention produces tangible results.

VI. Claims 1-67 are Patentable over Known Prior Art

Claims 1-67 are rejected under 35 U.S.C. 103(a) as being unpatentable over Sandor et al. (US 2002/0246190 A1) (hereinafter "Sandor") in view of Schomer (US 6,108,617).

As illustrated in **Attachment 3**, while the Application Publication US 2005/0246190 A1 to Sandor et al. (Sandor) is cited in rejecting Claim 1-67, Sandor does not represent a proper prior art reference. However, it is currently understood that Sandor, a Continuation-In-Part application does claim priority to Provisional Patent Application S/N 60/397,401 (File date 7/20/02) through an intermediate parent application S/N 10/623,134 having filing date 7/18/2003 adding disclosure presented in Provisional Patent Application S/N 60/537,344 having filing date 1/15/2004. It would thus appear that Sandor has 7/20/2002 as the earliest Reference Date based Provisional Patent Application S/N 60/397,401. As addressed in the McMorris Declaration, a copy of this application (Sandor Provisional) is attached as **Exhibit B**.

With continued reference to **Attachment 3**, the application under consideration claims priority to Applicants' claim priority to Provisional Patent Applications S/N 60/429,267 having filing date 11/26/2002 and S/N 60/440,069 having filing date 1/13/2003, both of these Applicant Priority Documents are earlier than any other Sandor application in its family. As further addressed in the McMorris Declaration, and as supported in **Exhibit C**, the Claims 1-67 are supported by the Applicant Priority Documents. Yet further, and as addressed in McMorris Declaration and in **Exhibit B**, the Sandor Provisional, appearing to be the prior art reference does not disclose nor suggest any step or combination of steps in the claimed invention.

Sandor Provisional does not teach nor suggest the steps relied upon by the Examiner in rejecting Claim 1-67.

With regard to the teachings of Schomer, Schomer describes an approach to assign serial numbers to chemicals to satisfy specific hazardous waste tracking requirements. Schomer discloses assigning a PIN number that has no useful function in context of the claimed invention, as supported by the McMorris Declaration. Schomer's teachings are pertinent to the chemical industry and are expressed in units irrelevant to the pollutant emissions or emission reduction or climate change industry. One would not look to Schomer's teachings to meet the needs in the climate change industry. The claimed invention cites a process by which unique identifiers can be assigned to emission reductions. What's more, the exemplary identifying portions of the identifier satisfy specific unmet identification needs that have been (and continue to be) evident in the climate change industry. There is no suggestion in Schomer for such steps.

With regard to Claim 6, Schomer makes no mention of emission reduction units in his material. In contrast, the claimed invention seeks to provide the opposite of "limited access to the data" – rather, it is intended everyone be able to access the serial number and identify the source of the emission reduction unit.

Schomer teaches the use of serial numbers, but without any of the specificity or attributes making them useable in the emissions reduction industry. As noted in the McMorris Declaration, problems continue to exist with simple serialization currently employed in the emissions reduction industry. While Schomer teaches the storing of serial numbers, a well known process, the claimed invention is not directed to only registries, but rather, the process of assigning unique identifiers (records of which can then be stored in a registry).

VII. Claims 1-67 Comprise Patentable Descriptive Material

The Examiner has taken the position (Page 8 Office Action) data identifying a characterizing portion in the current and following claims is non-functional descriptive data, and notes descriptive material can be characterized as either "functional descriptive material" or "nonfunctional descriptive material." Exemplary "functional descriptive material" consists of data structures and computer programs, which impart functionality when employed as a computer component. "Nonfunctional descriptive material" includes but is not limited to music, literary works and a compilation or mere arrangement of data. The Examiner further indicates when presented with a claim comprising descriptive material, an Examiner must determine whether the claimed nonfunctional descriptive material should be given patentable weight. The Patent and Trademark Office (PTO) must consider all claim limitations when determining patentability of an invention over the prior art. By way of example, the following case law is cited in support of the Examiner's position:

In re Gulack, 703 F.2d 1381, 1385, 217 USPQ 401,404 (Fed. Cir. 1983);
In re Lowry, 32 F.3d 1579, 1583-84, 32 USPQ2d 1031, 1035 (Fed. Cir. 1994);
and
In re Ngai, 367 F.3d 1336, 1338, 70 USPQ2d 1862, 1863-64 (Fed. Cir. 2004).

The Examiner asserts the data identifying the characterizing portion adds little, if anything, to the claimed acts or steps and thus do not serve as limitations on the claims to distinguish over the prior art. MPEP 2106IV b 1(b) is also cited, but it appears MPEP 2106.01 is more appropriate with regard to "nonfunctional descriptive material" and relates to computer related subject matter and patentability. Respectfully, Applicants traverse Examiner's assertions.

By way of supporting arguments, In re Gulack is not applicable to the claimed invention. In re Gulack states differences between invention and prior art cited against it cannot be ignored merely because differences reside in content of printed matter. It

goes on to say a "printed matter rejection" under Section 103 stands on questionable legal and logical footing. Standing alone, a description of an element of invention as printed matter tells nothing about differences between the invention and the prior art, or about whether that invention was suggested by prior art. It is interesting to note the rejection of claims as not directed to statutory subject matter was reversed.

In re Lowry is not applicable to the claimed invention. In re Lowry is directed to claims for data processing, storage, use and management of information. It does not relate to a method of coding collected processing interrelated information as called for in the claimed invention of independent Claims 1, 32 and 51. The claimed invention is not obligated to be a part of a computer or computer software.

In re Ngai addresses an addition of a new set of instructions into a known kit and states it is a new use for an old invention. It goes on to say since the addition of printed matter to existing product will not distinguish invention from prior art in terms of patentability if printed matter is not functionally related to product. This case is not an appropriate teaching for the claimed invention which includes interrelating steps and not simply the addition of printed matter.

VIII. Claims 1-67 are Patentable Over Other References

The Examiner also considered Application Publication US 2002/0143693 for Soestbergen et al. and indicated the publication disclosure reads on the limitations documented in independent Claim 1, 32 and 51. However, no specific indication was provided as to where the Examiner felt such readings take place. As with Sandor, while Soestbergen may relate to greenhouse gas emissions, there is no disclosure nor suggestion regarding a "serialization" or a "transparency" as provided for in the claimed invention. In contrast to the claimed invention, Soestbergen discloses a system and method for the banking and trading of emission reduction credits, registering them as is

typically known in the art.

As supported by the McMorris Declaration, Soestbergen discloses assigning an identifier and suggests that it will be used to discern broad types of ERCs and discloses a tracking between sellers & purchasers including registering a seller and assigning an ID value to the seller, but clearly it is not the subject of the claimed invention calling for assigning an identifier to the emission reduction unit, wherein the identifier includes a sequence portion characterizing a succession thereof and a vintage portion characterizing the pre-selected time period for the production practice, and a characterizing portion characterizing at least one of the geographical reference and the protocol. Further, such assigning of the identifier is clearly not described nor suggested to be in combination with the balance of steps in Claims 1, 32 and 51 which include selecting a production practice of the producer, a protocol applicable with the production practice, collecting production practice data, designating a geographical reference, converting the production practice data to environmental data using pre-selected conversion factors, and converting the environmental data to an emission reduction unit. As stated by one of skill in the art in the McMorris Declaration, assigning a summary value teaches away from the claimed invention, and further, is not useful. Knowing problems existing in the art as earlier described, one of skill in the art would not look to the teachings of Soestbergen to solve the problem. While Soesbergen defines a need for a unique identifier, it does not suggest how to overcome market as does the claimed invention.

IX. Conclusion

Applicants respectfully submit that the above arguments and objective material support this application in a condition for allowance, and passage to issue is respectfully solicited.

Examiner is respectfully asked to consider the mere fact references can be combined or modified does not render the resultant combination obvious unless the prior art also suggests the desirability of the combination. As exemplified in Claim 1, the invention is directed to a method of tracking environmental performance of a producer of environmental emissions. None of the cited or known references seek to provide such a method. The claimed method includes selecting a production practice of the producer, selecting a protocol applicable with the production practice for determining at least one of environmental emissions and environmental emissions removal, collecting production practice data of the producer for a pre-selected time period responsive to the protocol, converting the production practice data to environmental data using pre-selected conversion factors, designating a geographical reference for the producer, and converting the environmental data to an emission reduction unit for a transferring thereof. None of the cited or known references disclosed nor suggested such a process. Yet further, and in combination with the above, none of the cited or known references disclosed or suggested assigning an identifier to the emission reduction unit, wherein the identifier includes a sequence portion characterizing a succession thereof and a vintage portion characterizing the pre-selected time period for the production practice, and a characterizing portion characterizing at least one of the geographical reference and the protocol.

Clearly, there was no motivation for the modification suggested by the Examiner.

Sandor is directed to systems and method for trading emission reductions. Soestbergen is directed to a method and system for banking and exchanging emission reduction credits. As addressed, trading emission reductions is a well known art as evidenced by the California EPA Air Resources Board Report. While Schomer is directed to tracking chemicals to control their use in a product. It is clear the suggested modifications were not within the ordinary skill in the art at the time the claimed

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invention was made. It should be clear the Applicants paved the way for solving problems known in the art. Thus, Applicants ask that this application proceed to patent issuance.

The Applicant and the undersigned would like to again thank the Examiner for her efforts and guidance provided in the examination of this application, and for the interview of Tuesday 2/12/2008. If the further prosecution of the application can be facilitated through a telephone interview between the Examiner and the undersigned, the Examiner is requested to telephone the undersigned at the Examiner's convenience.

Respectfully submitted,



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